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U.S. Department of Health and Human Services
National Institutes of Health

NIH Loan Repayment Program Contract

Sections 487A, 487C, and 487E of the Public Health Service Act ("Act") authorize the Secretary of the Department of Health and Human Services ("Secretary") to repay a portion of the qualified education loans of health professionals selected to be participants in the National Institutes of Health (NIH) Loan Repayment Programs ("LRP" or "Program"). In return for these loan repayments, applicants must agree to conduct, as employees of the NIH, qualified research in a manner and degree determined by the Secretary for a minimum of 2 years (or a minimum of 3 years for General Research LRP participants) in accordance with the service provisions of the National Health Service Corps (NHSC) Loan Repayment Program established in subpart III of part D of Title III of the Act.

Section 338B(b)(3) of the Act requires applicants to submit a signed contract which includes the Terms and Conditions of participation in the LRP with their applications. The Secretary shall execute only those contracts submitted by applicants who are selected for participation.

The Terms and Conditions for participating in the LRP follow:

Section A -- Obligations of the Secretary

Subject to the availability of funds appropriated by the U.S. Congress for the NIH and/or the LRP, the Secretary agrees to:

1. Pay, in the amount provided in Paragraph 2 of this section, the undersigned applicant's qualifying educational loans. Qualifying health professionals' loans consist of the principal, interest, and related expenses (such as the required interest premium on the unpaid balances of some loans) of qualified Government (Federal, State, and local) and commercial loans obtained by the applicant for the following expenses:
 - a. undergraduate, graduate, and health professional school tuition expenses;
 - b. other reasonable educational expenses required by the school(s) attended, including fees, books, supplies, educational equipment and materials, and laboratory expenses; and
 - c. the cost of room and board, and other reasonable living expenses as determined by the Secretary.
2. An applicant must have qualifying educational loans in excess of 20% of his or her annual NIH salary on his or her program eligibility date. This amount is the "*debt threshold*." The program eligibility date is the date on which his or her contract is executed by the Secretary and he or she is engaged in qualified research as an employee of the NIH. An amount equal to 50% of the debt threshold will not be repaid by the NIH, and must be repaid by the participant to his or her lender(s). NIH will repay the remaining educational debt ("*repayable debt*") as follows:
 - a. at the rate of one-half of the repayable debt for the first year of qualified service, for those who have 2-year contracts (i.e., AIDS Research and Clinical Research LRPs), up to a \$20,000 maximum if the repayable debt is \$60,000 or less;
 - b. for the second year of qualified service, at the rate of one-half of the repayable debt as determined on the effective date of the contract, under 2-year contracts (i.e., AIDS Research and Clinical Research LRPs), up to a \$20,000 maximum if the repayable debt is \$60,000 or less;
 - c. at the rate of one-third of the repayable debt for the first year of qualified service, under 3-year contracts (i.e., General Research LRP), and 2-year contracts (i.e., AIDS Research and Clinical

Research LRPs) if the repayable debt exceeds \$60,000, up to a \$35,000 maximum;

- d. for the second year of qualified service, at the rate of one-third of the repayable debt as determined on the effective date of the contract, under 3-year contracts (i.e., General Research LRP), and 2-year contracts (i.e., AIDS and Clinical Research LRPs) if the repayable debt exceeds \$60,000, up to a \$35,000 maximum;
 - e. for the third year of qualified service, at the rate of one-third of the repayable debt determined on the effective date of the contract, under 3-year contracts (i.e., General Research LRP), up to a \$35,000 maximum.
 - f. One-year continuation renewal contracts, beyond the second year (or third year, for contracts under the General Research LRP), may be entered into if the total repayable debt has not been repaid during the initial 2- or 3-year contract.
 - g. Payments are to be made on a delayed quarterly schedule after completion of qualified research, unless otherwise agreed to by the Secretary and the participant.
3. Provide reimbursement for increased Federal tax liability resulting from payments made pursuant to Paragraph 1 of this section in an amount equal to 39% of the total amount of loan repayments made for each tax year in which such payments were made.
 4. Payment of qualifying educational loans will be made directly to the lender(s). If there is more than one outstanding qualifying educational loan, the Secretary will repay the loans in the following order, unless the Secretary determines significant savings would result from paying loans in a different order of priority: (a) HEAL; (b) Other loans issued or guaranteed by the Federal Government; and (c) Other loans.
 5. Once a loan repayment contract has been signed by both parties, the Secretary shall obligate such funds as will be necessary to ensure that sufficient funds will be available to make loan repayments and tax reimbursements to cover the repayable debt, as defined in Paragraph 2 of this section.

Section B -- Obligations of the Participant

The participant agrees to:

1. Provide a description of each of his or her outstanding qualified educational loans and supporting documents, in a form and manner as defined by the Secretary;
2. Serve his or her 2- or 3-year minimum period of research service, which commences on the Program eligibility date, by conducting qualified research, as an employee of the NIH, as defined by the Secretary;
3. Provide written verification of the lender's crediting of all LRP payments and resulting account balances within a reasonable time after such payments are credited;
4. Repay the NIH for any sums paid erroneously to his or her lender(s), repay the NIH for any sums advanced to his or her lenders prior to satisfying his or her research service, and assist the NIH in obtaining a refund from his or her lender(s) for such sums; and
5. Comply with the provisions of Title 42, U.S. Code of Federal Regulations, Parts 68, 68a, or 68b, when adopted. Should any provision of these Parts be inconsistent with this contract, the regulatory provision will be controlling.

Section C -- Breach of Written Loan Repayment Contract

1. In accordance with 42 USC 288-1 and 42 USC 254o, which address enforcement of the NHSC LRP and will be regarded as equally applicable to the NIH's LRPs, any participant who fails to complete the minimum 2-year (or 3-year for General Research LRP) research service obligation required under the initial contract will be considered to have breached the contract and will be subject to assessment of monetary damages and penalties as specified in Paragraph 3 below.
 - a. Termination for cause or for the convenience of the Government will not be considered a breach of contract, and monetary damages and penalties will not be assessed.
 - b. Occasionally, a participant's assignment may evolve and change so that a determination is reached that he/she is no longer engaged in qualified research. Similarly, the research needs and priorities of the NIH may change, so that a determination is made that the researcher's skills may be better utilized in a research assignment which does not qualify for the LRP. Under these circumstances, the following will apply:
 - 1) Since no authority exists for the Secretary to make repayments on behalf of health professionals who are not engaged in qualified research, loan repayments will cease as of the date such determination is made.
 - 2) Normally, job changes of this nature will not be considered a breach of contract on the part of either the Secretary or the employee. Based upon the recommendation of the Secretary, the employee will be released from the remainder of his/her service obligation without assessment of damages or monetary penalties. Employees will be permitted to retain the benefit of all loan repayments made or owed by the NIH on their behalf up to the date of the contract release, except any payments advanced beyond the period of service rendered. Any payments advanced prior to research service must be repaid to the Government.
2. Participants who sign a continuation contract for a third (in the case of Clinical Research or AIDS Research LRP), fourth (in the case of General Research LRP), or subsequent year, and who fail to complete the 1-year period specified, will not be subject to monetary damages or penalties. However, any payments advanced beyond the period of research service rendered must be repaid to the Government, pursuant to Section B, Paragraph 4.
3. **Penalties for Failing to Complete the Service Obligation**
 - a. In accordance with the statute, the Secretary will recover the following

from participants who fail to complete the minimum service obligation:

For Clinical Research and AIDS Research LRP Participants 2-Year Contract:

- 1) **Breach before 1 year:**
Amounts already paid by NIH on behalf of the participant + (\$1,000 x number of months of the full obligation period)
- 2) **Breach after 1 year but before 2:**
Amounts already paid by NIH on behalf of the participant + (\$1,000 x number of months obligated but not served)

For General Research LRP Participants

Greater than 2-Year Contract:

- 1) **Breach before 1 year:**
Amounts already paid by NIH on behalf of the participant + (\$1,000 x number of months of the full obligation period)
 - 2) **Breach after 1 year but before 2:**
Amounts already paid by NIH on behalf of the participant + (\$1,000 x number of months obligated but not served)
 - 3) **Breach after 2 years:**
Amounts already paid by NIH on behalf of the participant for periods of obligated service not served + \$10,000 if the individual fails to provide a 1-year notice of the intended breach (or such shorter time as is determined adequate to find a replacement).
- b. Any amount which the Secretary is entitled to recover due to the breach of contract must be paid within 1 year from the date of the breach. Collection agencies may be utilized when payment of damages is delinquent by more than 3 months, and credit agencies may be notified when payment of damages in excess of \$100 is delinquent by more than 60 days.
 - c. Any obligation of the participant for payment of damages may be released by a discharge in bankruptcy under Title 11 of the United States Code only if such discharge is granted after the expiration of the 5-year period beginning on the first date that payment of such damages is required, and only if the bankruptcy court finds that nondischarge of the obligation would be unconscionable.

Section D -- Cancellation, Suspension, and Waiver of Obligation

1. Any service or payment obligation incurred by the participant under this contract will be canceled upon the participant's death.
2. The Secretary may waive or suspend the participant's service or payment obligation incurred under this contract if:
 - a. Compliance by the participant with the Terms and Conditions of this contract is impossible or would involve extreme hardship, and
 - b. Enforcement of such obligation would be unconscionable.

The Secretary or his/her authorized representative must sign this contract before it becomes effective.

Applicant's Name (Please print)	Applicant's Signature	Date
Secretary of Health and Human services or Designee		Date
Contract Period		
From: _____ To: _____	<input type="checkbox"/> Initial Contract	<input type="checkbox"/> Renewal Contract

Public reporting for this collection of information is estimated to average 20 minutes, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information, unless it displays a currently valid OMB control number. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden to NIH, Project Clearance Office, 6701 Rockledge Drive, MSC 7730, Bethesda, MD 20892-7730, Attention: PRA (0925-0361). Do not return the completed form to this address.